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CAIRO SEWERAGE

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Ecoquest

Agreement Between the
UNITED STATES OF AMERICA
and EGYPT

Signed at Cairo September 30, 1978

NOTE BY THE DEPARTMENT OF STATE

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EGYPT

Cairo Sewerage

Agreement signed at Cairo September 30, 1978;
Entered into force September 30, 1978.

A.I.D. Project Number 263-0091

PROJECT

GRANT AGREEMENT

AMONG

THE ARAB REPUBLIC OF EGYPT,

THE UNITED STATES OF AMERICA,

THE MINISTRY OF HOUSING

AND

THE GENERAL ORGANIZATION FOR SEWERAGE AND

SANITARY DRAINAGE

FOR

CAIRO SEWERAGE

DATED: September 30, 1978

TIAS 9556

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Annex 1 - Project Description

[1] Not printed herein. For text, see TIAS 8830; 29 UST.

A.I.D. Project Number 263-0091

Project Grant Agreement

Dated: September 30, 1978

Among

The Arab Republic of Egypt ("Grantee"),

The Ministry of Housing ("MOH"),

The General Organization for Sewerage and Sanitary Drainage ("GOSSD"),

And

The United States of America, acting through the Agency for International Development ("A.I.D.").

Article 1: The Agreement.

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Borrower of the Project described below, and with respect to the financing of the Project by the Parties.

Article 2: The Project

SECTION 2.1. Definition of the Project. The Project, which is further described in Annex 1, will consist of assistance to the Grantee to repair and to plan the expansion of Cairo's wastewater collection and disposal system. The Project is divided into the following three elements:

(1) rehabilitation, repair and minor modification of the existing trunk sewers, collectors and pump stations to enable the existing conveyance system to be operated at full capacity.

(2) review of the conclusions drawn in the Master Plan and develop a staged program for implementing the Master Plan.

(3) training of technical personnel of GOSSD so that the rehabilitated and expanded system can be operated effectively.

Annex 1, attached, amplifies the above definition of the Project. Within the limits of the above definition of the Project, elements of the amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2. without formal amendment to this Agreement. The Grantee will make available the funds under this Grant to the GOSSD, which will be the implementing agency for this Project.

Article 3: Financing

SECTION 3.1. The Grant. To assist the Grantee to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, [1] agrees to grant the Grantee under the terms of this Agreement not to exceed Twenty-Five Million United States ("U.S.") Dollars ($25,000,000) ("Grant"). The Grant may be used only to finance foreign exchange costs as defined in Section 6.1., of goods and services required for the Project.

SECTION 3.2. Grantee Resources for the Project.

(a) The Grantee agrees to provide or cause to be provided for the Project all funds, in addition to the Grant, and all other resources required to carry out the Project effectively and in a timely manner.

(b) The resources provided by Grantee for the Project will be not less than Thirty-One Million Five Hundred Thousand Egyptian Pounds (L.E. 31,500,000), including costs borne on an "in-kind" basis.

[1] 75 Stat. 424; 22 U.S.C. § 2151 note.

SECTION 3.3. Project Assistance Completion Date.

(a) The "Project Assistance Completion Date" (PACD), which is November 1, 1983, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Grant for services performed subsequent to the PACD or for goods furnished for the Project, as contemplated in this Agreement, subsequent to the PACD.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, are to be received by A.I.D. or any bank described in Section 7.1. no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

Article 4: Conditions Precedent to Disbursement.

SECTION 4.1. First Disbursement. Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) A statement of the names of the persons holding or acting in the offices of the Grantee specified in Section 8.2. and of any additional representatives, together with a specimen signature of each person specified in such statement;

(b) An executed contract acceptable to A.I.D. for the engineering consulting services for the Project with a firm acceptable to A.I.D.;

(c) A copy of the Grant Agreement for the Project executed between the United Kingdom Ministry of Overseas Development ("ODM") and the Grantee, together with evidence that the conditions to effectiveness of such Grant Agreement have been met;

(d) Evidence of the establishment of a Project Steering Committee with membership of GOSSD, ODM and USAID;

(e) Topographical maps of Cairo at a scale of 1:5000 with one meter contours, based on the aerial photographs taken by the Societe Nouvelle Francaise de Sterotopographic and the Institut Francais Geographique National; and

(f) Such other information and documentation as A.I.D. may reasonably require.

SECTION 4.2. Additional Disbursement. Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made for any purpose other than to finance the engineering consulting services referred to in Section 4.1., the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D. evidence that GOSSD has assembled and catalogued all as built drawings.

SECTION 4.3. Additional Disbursement for Commodities or Services for Rehabilitation Activities. Prior to any disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, for commodities or services for a specific rehabilitation activity, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) Evidence that a detailed facility rehabilitation plan for such activity, acceptable to A.I.D., has been submitted to GOSSD by its consultant and approved by GOSSD.

(b) Evidence that the Ministry of Housing has included in its budget for Fiscal Year 1979 adequate local currency for the Grantee's contribution to the Project for operation of the project during Fiscal Year 1979.

SECTION 4.4. Additional Disbursement -- Training. Prior to any disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, for training, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D., a proposed training program showing the categories and identities of the trainees, and the nature, length and purpose of the training.

SECTION 4.5. Notification. When A.I.D. has determined that the Conditions Precedent specified in Sections 4.1, 4.2, 4.3, and 4.4 have been met, it will promptly notify the Grantee.

SECTION 4.6. Terminal Date for Conditions Precedent. If all of the conditions specified in Section 4.1 have not been met within 90 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to Grantee.

Article 5: Special Covenants.

SECTION 5.1. Project Evaluation. The Parties agree to establish an evaluation program as part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project and at one or more points thereafter: (a) evaluation of progress toward attainment of the objectives of the Project; (b) identification and evaluation of problem areas or constraints which may inhibit such attainment; (c) assessment of how such information may be used to help overcome such problems; and (d) evaluation, to the degree feasible, of the overall development impact of the Project.

SECTION 5.2. Continuing Consultation. The Parties will cooperate to assure that the purpose of this Agreement will be accomplished. To this end, the Parties shall from time to time, at the request of any Party, exchange views on the progress of the Project, the performance of obligations under this Agreement, the performance of any consultants, contractors or suppliers engaged on the Project, and other matters realting to the Project. The Grantee and GOSSD shall specifically review and discuss with A.I.D. the recommendations of the management and tariff consultant under contract with the former Ministry of Housing and Reconstruction and shall implement those recommendations agreed to after such discussions.

Article 6: Procurement Source

SECTION 6.1. Foreign Exchange Costs. Disbursements pursuant to Section 7.1 will be used exclusively to finance the costs of goods and services required for the Project having their source, origin and nationality in the United States (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services) ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project Grant Standard Provisions Annex, Section C.1(b) with respect to marine insurance.

Article 7: Disbursement

SECTION 7.1. Disbursement for Foreign Exchange Costs.

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for the Foreign Exchange Costs of goods or services required for the Project in accordance with the terms of this Agreement, by such of the following methods as may be mutually agreed upon:

(1) by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for reimbursement for such goods or services, or, (B) requests for A.I.D. to procure commodities or services in Grantee's behalf for the Project; or,

(2) by requesting A.I.D. to issue Letters of Commitment for specified amounts (A) to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services, or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by Grantee in connection with Letters of Commitment and Letters of Credit will be financed under the Grant unless the Grantee instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Grant.

SECTION 7.2. Other Forms of Disbursement. Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

Article 8: Miscellaneous

SECTION 8.1. Communications. Any notice, request, document, or other communication submitted by A.I.D. or the Grantee to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following addresses:

To the Grantee:

Ministry of Economy and
Economic Cooperation
8, Adly Street
Cairo, Egypt

or

General Organization for
Sewerage and Sanitary
Drainage
Sixth Floor of Mogama
Building
Midan El Tahrir
Cairo

To A.I.D.:

A.I.D.
U.S. Embassy
Cairo, Egypt

All such other communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice.

SECTION 8.2. Representatives. For all purposes rele ant to this Agreement, the Grantee will be represented by the individuals holding or acting in the offices of the Minister of Economy and Economic Cooperation, Minister of Housing, Deputy Chairman of the General Authority for Arab and Foreign Investment and Free Zones, and Chairman of the General Organization for Sewerage and Sanitary Drainage. A.I.D. will be represented by the individual holding or acting in the office of Director, U.S.A.I.D., Cairo, Egypt. Each, by written notcie, may designate additional representatives for all purposes other than exercising the power under Section 2.1. to revise elements of the amplified description in Annex 1. The names of the representatives of the Grantee , with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 8.3. Standard Provisions Annex. A "Project Grant Standard Provisions Annex" (Annex 2) [1] is attached to and forms part of this Agreement.

SECTION 8.4. Investment Guaranty Project Approval. Construction work to be financed under this Agreement is agreed to be a project approved by the Arab Republic of Egypt pursuant to the agreement between it and the United States of America on the subject of investment guaranties, and no further

[1] See footnote 1, p. 3.

approval by the Arab Republic of Egypt will be required to permit the United States to issue investment guaranties under that agreement covering a contractor's investment in that project.

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

ARAB REPUBLIC OF EGYPT

BY : Mahmoud Salah El Din Hamed

NAME : Mahmoud Salah El Din Hamed

TITLE: Minister of Finance and Acting Minister of Economy and Economic Cooperation

UNITED STATES OF AMERICA

BY : Hermann Pr Eilts

NAME : Hermann Pr Eilts

TITLE: American Ambassador

GENERAL ORGANIZATION FOR SEWERAGE AND SANITARY DRAINAGE

BY : Abd El Monem Eshmawy

NAME : Abd El Monem Eshmawy

TITLE: Chairman

MINISTRY OF HOUSING

BY : A. Talaat

NAME : Ahmed Talaat Tewfik

TITLE: Minister of Housing

ANNEX 1

Cairo Sewerage Project Description

This project is the initial stage of a longer range program for rehabilitation and overall improvement of Cairo's sewage collection, pumping, treatment and effluent disposal system. Major work on a Master Plan has been accomplished. From the planning undertaken to date, it is estimated that the overall rehabilitation and expansion program will involve the equivalent of not less than $400 million over a period of at least five years. The United States, the United Kingdom and the Government of Egypt have agreed to move forward on further elaboration of this longer term program as rapidly as possible, including examination of the possibility of the commitment of further funds on the part of all three parties in following fiscal years in support of the broad expansion program. A portion of the funds provided under this Project will be used in the collaborative engineering work to be undertaken between these three governments in support of this longer term expansion program, as indicated further below.

This FY78 Project will provide three main elements, as follows:

1. Rehabilitation

a. Removal of silt, sand, and debris from existing sewers, together with related repairs of sewer structures. Deposits in the sewers are extensive and have resulted in reducing the effective capacity of some major conduits by 50%.

b. Improvement of five major sewage pump stations and approximately 30 other pump stations which are in poor structural, mechanical, and electrical condition. Many of the existing pump stations do not have adequate wet wells for the amount of sewage being handled, have inadequate pumping capacity, and lack operative control systems. This situation results in the need to store sewage in the sewer system during peak flow hours, which in turn is the direct cause of the extensive deposition of sand and debris in the sewers mentioned in item a. above.

c. Rehabilitation of the four existing sewage treatment plants, which are presently ineffective due to severe equipment shortcomings.

d. Preparation of as-built drawings of the key existing facilities. The available plans of existing works, which have been constructed and modified over a 60 year period, are unreliable or missing. Accurate drawings are essential in order to design remedial facilities.

e. Preparation of detailed construction plans and specifications and of purchase specifications for the above mentioned sewer cleaning and repairs, pump station improvements, and treatment plants rehabilitation.

2. Training

Training of GOSSD technical personnel so that the rehabilitated sewerage system will be operated and maintained as effectively as possible. The training will be for both present employees and candidates for future positions. The program will be directed toward the existing and proposed future facilities, and will include dual language manuals for the use of GOSSD's staff. Training will be both on-site at major system facilities and in classroom.

3. Master Planning and Preliminary Designs

Review of certain conclusions of the recently completed Cairo Sewerage Master Plan and the refining of this plan to identify the nature, cost, and scheduling of specific improvements. The purpose of this review is to direct greater emphasis toward maximum use of the existing facilities to develop low capital cost interim solutions, to obtain early benefits of any improvements, and to defer major capital expenditures to the greatest practical extent. Following review of the master plan, preliminary engineering and design, to serve as the basis for further funding commitments to specific elements of the expansion program, will be undertaken.

It is planned that a joint venture of U.K. and U.S. architect/engineer consulting firms will be engaged by GOSSD to perform all planning and engineering work required. It is anticipated that the detailed design and supervision of construction of improvements contained in the finalized master plan will be accomplished by the same UK/US joint venture firms under amended or separate contracts with GOSSD. Such improvements, including the final design and supervision, are not included in this Project.

Because of the complex interrelationships between the rehabilitation of the existing system and the master planning of longer range improvements, and reflecting the interest of ODM and USAID in structuring future financing for implementation of the initial stages of the master plan, a Project Steering Committee will be formed with joint membership of GOSSD, ODM and USAID. The purpose of this Committee will be to provide executive level monitoring of consultant and contractor performance, to review important conceptual and technical matters, and to provide guidance and direction to the joint venture engineering consultant.

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